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From:

Sent: Tuesday, June 09, 2009 8:29:34 AM

To:

Cc:

Subject: RE: Form 870-LT page 2 not executed

We generally have one year from the date we co-execute the Forms 870-LT to assess partnership items and issue affected items notices of deficiency for affected items subject to deficiency procedures. We don't need Part II of the form to assess penalties since penalty defenses at the partner level are not subject to deficiency procedures under section 6230(a)(2)(A)(i). We generally would have to issue affected item notices for further at risk limitations on partnership losses and similar issues.

A tier entity partner cannot sign Part II of the Form since the tier is only authorized under section 6224(c)(1)(last sentence) to bind indirect partners to partnership items. So even if Part II had been signed by the tier partner, it would be ineffective.

If the indirect partners otherwise have open statutes for the year in issue we may be able to issue affected item notices outside the one year period of section 6229(f).